

AGENDA: May 27, 2003

7.1

CATEGORY: New Business

DEPT.: Community Development

TITLE: Selection of New Owner/Operator of the
Transitional House at 813 Alice Avenue

RECOMMENDATION

Select InnVision as the new owner/operator of the transitional house at 813 Alice Avenue and direct staff to work with InnVision on an agreement and management plan for the continued operation of the transitional house.

FISCAL IMPACT

There will be no fiscal impact on the General Fund. At the April 22, 2003 Community Development Block Grant (CDBG) budget hearing, the Council authorized \$132,000 of Federal CDBG funds for the preservation of the transitional house. It is anticipated that about \$55,000 of this money will be used to pay off the existing mortgage on the house, \$66,000 for rehabilitation work and about \$11,000 for transfer costs or additional rehabilitation work.

BACKGROUND AND ANALYSIS

The transitional house at 813 Alice Avenue was acquired in 1995 by Project Match, a nonprofit agency, with the use of City and County CDBG funds and a small mortgage. The house provides transitional housing for up to six graduates of the Alpha Omega rotating church shelter program operated by the Community Services Agency. In November 2002, Project Match notified the City of its interest to end its role as property owner of the transitional house. As a result, staff carried out a Request for Proposals process to find a new owner/operator of the house.

Two nonprofit agencies, Emergency Housing Consortium (EHC) and InnVision, have submitted proposals. At the May 13, 2003 Council study session, these agencies made presentations to the Council and responded to questions. The agency proposals, as well as additional background information regarding the transitional house, have been provided in the May 13, 2003 staff report. Copies of the May 13, 2003 staff report have been returned to the Council with this packet. A number of questions were raised at the study session and responses to these questions are provided under Attachment 1.

Both EHC and InnVision are highly qualified and experienced agencies and the transitional house fits in well with the mission of both organizations. City staff, along with the Executive

Director and Program Management Director of the Community Services Agency, interviewed each of the agencies in an effort to identify the agency that would be best suited to take over the ownership and operation of the transitional house. Both agencies demonstrated that they are well-qualified and enthusiastic about assuming this responsibility. Based on the agencies' proposals and interviews, along with input from CSA, staff is recommending the selection of InnVision as the new owner/operator of the transitional house.

InnVision operates rotating shelter programs (in Palo Alto and San Jose) in partnership with local churches and synagogues. These programs are similar to the CSA Alpha Omega Program and will allow for the selection of tenants with similar case management backgrounds. CSA and InnVision have an established history of working together on programs. The transitional house will provide an opportunity for the two agencies to build on the working relationship they have already established. Based on the independent audit reports, InnVision appears to have a strong financial management system in place as the InnVision audit report did not identify any findings or reportable conditions. Staff also anticipates that InnVision will be more responsive to the City, the neighbors and other agencies on the management of the house.

Once a new owner/operator is selected by the Council, staff will proceed to work with the agency to prepare an agreement for the future operation and management of the property. This will be a long-term agreement (55 years or more), during which time the house will have to be used for transitional housing or other affordable housing use as approved by the City. Alpha Omega program graduates will be provided preference in renting rooms. Any rooms that cannot be filled with Alpha Omega clients will then become available to the new owner's clients. All prospective tenants will be required to meet the same criteria and will have to go through the same process to be selected as tenants. There will not be a lowering of the current standards for tenant selection. All the current house rules will remain in place and the quarterly meetings with the neighborhood will continue. All tenants will be provided ongoing case management while they are living in the house. The operating agreement with the new agency will be brought back to Council for approval in June 2003.

ALTERNATIVE

As an alternative, Council may select the Emergency Housing Consortium as the new owner and operator of the transitional house.

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PUBLIC NOTICING

Agenda posting, legal notice in the newspaper, mailing in a 2,000' + radius and hand delivery of notice to adjacent mobile home park residents.

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Attachment: 1. Responses to Study Session Questions